



## Filing Receipt

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**Control Number - 52362**  
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**TARIFF CONTROL NO. 52362**

<b>PETITION OF AEP TEXAS INC. FOR</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ANNUAL STANDARD TRUE-UP</b>	<b>§</b>	
<b>COMPLIANCE FILING CONCERNING</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RIDER SRC SYSTEM RESTORATION</b>	<b>§</b>	
<b>CHARGE FACTORS AND RIDER</b>	<b>§</b>	
<b>ADFIT</b>	<b>§</b>	

**COMMISSION STAFF’S RECOMMENDATION**

On July 28, 2021, AEP Texas Inc. (AEP Texas) filed its annual standard true-up compliance filing concerning two riders in accordance with the financing order in Docket No. 49308:<sup>1</sup> the rider system restoration charge (Rider SRC) and the rider accumulated deferred federal income taxes (Rider ADFIT).

On August 3, 2021, the administrative law judge (ALJ) filed Order No. 1, requiring Staff to file a recommendation on the compliance filing or to propose a procedural schedule, if necessary, by August 10, 2021. Therefore, this pleading is timely filed.

**I. RECOMMENDATION**

Staff has reviewed AEP Texas’s compliance filing and, as supported by the attached memorandum of Ethan Blanchard, Rate Regulation Division, recommends that the rates in Rider SRC and Rider ADFIT have been correctly calculated. Staff also recommends that the filing reflects the necessary adjustments to ensure adequate funds for the payment of Hurricane Harvey system restoration bonds as well as the benefits to ratepayers of the ADFIT associated with the system restoration costs. Staff recommends that the proposed *6.1.1.4.7.1 – Rider SRC – System Restoration Charge Factors (Second Revision)* and *6.1.1.4.8 Rider ADFIT – ADFIT Credit (Second Revision)*, as shown in Attachment 3 and Attachment 6 respectively of the True-Up Compliance Filing, be approved as filed with an effective date of bills rendered on or after August 27, 2021. Staff further recommends that AEP Texas be required to file “clean” copies of Rider SRC and Rider ADFIT to be stamped “Approved” by the Commission’s Central Records Division and retained for future reference.

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<sup>1</sup> *Application of AEP Texas Inc. for a Financing Order*, Docket No. 49308, Financing Order (Jun. 17, 2019).

## **II. CONCLUSION**

For the reasons discussed above, Staff respectfully recommends that AEP Texas's petition be approved.

Dated: August 10, 2021

Respectfully submitted,

### **PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION**

Rachelle Nicolette Robles  
Division Director

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/s/ Mildred Anaele  
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**TARIFF CONTROL NO. 52362**

### **CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on August 10, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Mildred Anaele  
Mildred Anaele

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Mildred Anaele  
Legal Division

**FROM:** Ethan Blanchard  
Rate Regulation Division

**DATE:** August 10, 2021

**RE:** Tariff Control No. 52362 – *Petition of AEP Texas Inc. for Annual Standard True-Up Compliance Filing Concerning Rider SRC System Restoration Charge Factors and Rider ADFIT*

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On July 28, 2021, AEP Texas Inc. (AEP Texas) filed its annual standard true-up compliance filing concerning two riders in accordance with the financing order in Docket No. 49308<sup>1</sup>: the rider system restoration charge (Rider SRC) and the rider accumulated deferred federal income taxes (Rider ADFIT).

In accordance with the financing order, AEP Texas was authorized to issue system restoration bonds to securitize the distribution-related system restoration costs incurred due to Hurricane Harvey. AEP Texas Restoration Funding LLC securitized the securitizable balance and other qualified costs by issuing Senior Secured Restoration Bonds and AEP began billing the Rider SRC on September 18, 2019. AEP Texas is the Servicer for the Bond Company with respect to the System Restoration Bonds and in that role it bills, collects, receives, and adjusts the restoration charges imposed pursuant to AEP Texas Tariff for Retail Delivery Service, Section 6.1.1.4.7.1 – *Rider SRC – System Restorage Charge Factors* and remits the amounts received to the trustee to repay the System Restoration Bonds.

I have reviewed AEP Texas's filing and determined that the proposed rates in 6.1.1.4.7.1 – *Rider SRC – System Restoration Charge Factors (Second Revision)* and 6.1.1.4.8 *Rider ADFIT – ADFIT Credit (Second Revision)* were correctly calculated and reflect the necessary adjustments to ensure adequate funds for the payment of Hurricane Harvey system restoration bonds and to

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<sup>1</sup> *Application of AEP Texas Inc. for a Financing Order*, Docket No. 49308, Financing Order (Jun. 17, 2019).

provide ratepayers the ADFIT benefits associated with the system restoration costs. I therefore recommend that the proposed *6.1.1.4.7.1 – Rider SRC – System Restoration Charge Factors (Second Revision)* and *6.1.1.4.8 Rider ADFIT – ADFIT Credit (Second Revision)*, as shown in Attachment 3 and Attachment 6 respectively of the True-Up Compliance Filing, be approved as filed with an effective date of bills rendered on or after August 27, 2021.

I further recommend that AEP Texas be required to file “clean” copies of *6.1.1.4.7.1 – Rider SRC – System Restoration Charge Factors (Second Revision)* and *6.1.1.4.8 Rider ADFIT – ADFIT Credit (Second Revision)*, to be stamped “Approved” by the Commission's Central Records Division and retained for future reference.